

The History of Alberta Political and Financial

1905 — 1938

Presented with the Compliments

of

W. R. KING, M.L.A.,

Cochrane,

Alta.

INTRODUCTION

The purpose of this small "Booklet" is to give the people of the Banff-Cochrane constituency a brief outline of the situation which exists in regard to the administration of provincial affairs, and the figures quoted have been taken from the Public Accounts for the years indicated.

Its only purpose is that you, "Mr. and Mrs. Taxpayer," may have a true conception as to the financial position of the Province of Alberta in 1905 and down through the intervening years to January 1st, 1939, by comparing the records of each of the former administrations — the Liberal and The United Farmers of Alberta — and the present Social Credit Governments, and a fair and impartial study should allow each elector to decide which administration has proven the most beneficial for our people, in the past as well as for future years.

Every party, seeking your support should openly declare the policy it intends to carry out — if elected — and a careful study of each policy with the records of the years when such policies were carried out will enable the electors to choose the policy best suited to their needs, and when that is done it becomes the duty of the voters to support such a policy in order to receive their desired results.

Space will not permit much to be printed regarding the policies of those who will seek your aid to overthrow the present administration, save to ask that you judge by their records, as you would in individual business. Remember the Liberal party had (16) sixteen years in which to prove their policy; the U.F.A. had the administration of affairs for (14) fourteen years, and the present Social Credit Government has been in power since September, 1935. The Conservative party in Alberta has never shown much strength in provincial politics, due possibly to lack of leadership, but what leadership it had is now found in the so called Unity party, who openly boast that they have no policy and expect intelligent voters (such as our electors have proven themselves to be), to hand over the administration of the biggest business in this province to those who plead for the "defeat of Aberhart at any cost," but who fail to say who will bear the cost of such defeat.

If you study the following pages carefully you will be able to question anyone, who may attempt to mislead you as to the position of your provincial affairs, and you may be able to judge which policy can best serve the people in the future. You will, I am sure, agree that the policy of government has had much to do with bringing about conditions which are so burdensome to-day, and I trust that you may learn which policy, if adopted, will add to, or eliminate those conditions.

The Social Credit Government of Alberta are absolutely opposed to ANY further borrowings, for any purpose whatever, and the records will show why they are so. They believe that Money and Credit should be issued in accordance with the requirements of the community, by the people themselves (through their government) and not by private owners, who create and loan something which costs them nothing to create, but which has cost the people of this Province so much by way of interest. They are opposed to present methods of taxation on land values, and if allowed to carry out their policy will institute a more equitable way to provide governmental services, and will eventually discard taxation as we know it to-day. They believe that many interests have not borne their fair share of government's costs in the past, and have succeeded (in part at least) in correcting this injustice. They believed (and have since proven) that more, and better roads can be built, if paid for out of the current revenue, instead of by borrowing money and paying interest. They believe it to be the duty of a democratic government to provide that which the people demand, if the same is physically possible, it must be made financially possible. In this rich young province, with great natural resources, scattered throughout its 255,285 square miles, and with only some 772,000 of a population, it is foolish to suggest that any poverty should exist amongst our citizens, if those resources could be distributed. Did you ever consider as to what was hindering that distribution of our real wealth? What would you suggest that the citizens of Alberta do, in order to benefit from this vast natural wealth, which belongs to them. It is to assist you in making your decision on such important questions as these that these few pages were penned, and forwarded to you, and I trust they may prove of interest as well as of value.

Alberta Under the Liberal Regime

In 1905 the province was formed and given control of the administration of her affairs within her borders, save the "natural resources," the Dominion Government retaining control of these, and in lieu thereof paying a "subsidy," until in 1929 the natural resources were turned over to the province. During those years the Dominion Government had disposed of many of the most valuable of those resources, under conditions which will result in the loss of "millions of dollars" in revenue to this province.

A legislative body of (25) twenty-five members was elected, and a Liberal Government was formed, under Premier Rutherford, which carried on for one term, until succeeded by a government under Hon. A. L. Sifton in 1910, at which time began the policy of borrowing money by the sale of long-term interest-bearing bonds. This was the beginning of our provincial debt, and was borrowed for such improvements as Public Works and Public Buildings, including also the Alberta Telephone system.

This debt steadily increased until, by 1921, it reached a total as shown in the Public Accounts of that year of \$61,665,000.00, but the records show some government guarantees of \$31,152,000.00 which the province later had to assume. Interest charges upon the debt amounted to \$1,939,635.00 yearly, and the people were clamouring for a change. By this time the legislature had increased in number to (58) fifty-eight, and cost the taxpayers in 1921 the sum of \$511,826.00, or a per capita cost of .87 cents. If we accept the figures of the Provincial Auditor of those years, the provincial debt increased by a yearly average of \$3,853,000.00 for the (16) sixteen years of the Liberal rule. Then came the election of 1921.

Alberta Under U.F.A. Regime.

When the smoke of the 1921 election cleared away it was found the U.F.A. were in the saddle, and a government was set up under the Hon. Greenfield, who by a strange coincidence only survived the first term, as had the first Liberal leader, and was succeeded by Premier Brownlee, who carried on until 1935. The electors had refused the policy of the Liberal party, evidently expecting to have a different policy

employed in the administration of the provincial affairs. But, alas, the records show that the U.F.A. government carried on along "the same old financial pattern" as that used by the former government, and borrowed more and more, until by August, 1935, our province owed a debt of \$153,928,027.00, on which we had to pay interest amounting to \$7,137,338.00, or approximately one-half of the monies the Treasury could collect.

The bonds sold by the province were now coming due, but no provision had been made to meet these obligations, and the works, for which the expenditures were made, were in many cases a liability, and not an asset, for example the Alberta Telephone system.

Saving Certificates had to be withdrawn from redemption prior to the 1935 election, as no funds could be found to pay the same.

The members of the assembly now numbered (63) sixty-three, and the cost for legislation was \$396,690.00 in 1930, or a per capita cost of (.55) fifty-five cents. Once more the electors arose in their wrath, and voted out the U.F.A. government; in fact, did not elect one member of that party to the assembly. In fact only six members of the old political line of thought were elected to the assembly. A "new order" had been demanded.

One is forced to consider why the electors should make such changes as they did in 1921 and again in 1935, when we know that both governments had placed considerable excellent legislation upon the statute books of the province. Both governments had adopted, and put into practise, the same method of financing their provincial programs.

Both believed it possible; and practical to borrow huge sums of money, over long terms, at high interest rates, in order to carry out certain projects which should have been paid for out of current revenue. Records show that such a policy can only be carried up to a certain point, after which its ultimate failure is assured.

No government, be it Liberal, U.F.A., Social Credit or even Unity, can carry on under such a policy, and not bring its taxpayers face to face with bankruptcy.

Alberta Under the Social Credit Regime.

What was the position of this province when the Aberhart Government took office in September, 1935? The Treasury was absolutely empty. Bonds were coming due. Saving Certificates could not be redeemed. There was no money to even pay the "civil service" their salaries. How was the government to provide the necessary services which the people required? Where to find the "wherewith" to pay for the costs of "administration" was of itself a colossal task. The government knew from past records, that to borrow money at high interest rates for to pay current expenditures was suicide for any administration.

Something had to be done. First they approached the Dominion Government. The Dominion had always assisted the provinces when they were in money difficulties, and they still assist certain provinces to the extent of many millions of dollars, but they refused aid to Alberta, unless we would agree to accept "a loan council" as set up by the Dominion Government to control the borrowings of Alberta. This in plain words meant that the Dominion Government would have "absolute control" of the Credit of this province, for all time. Such a deal was absolutely impossible, because this government was elected to assure its citizens Food, Clothing, and Shelter, which was to be provided by the use of our own Credit, and which therefor must be retained under provincial control.

The Alberta Government then approached the bond-holders with a view of having some arrangement made which might enable the province to meet its over-burdening load of interest, and at the same time protect the original investments, but the bond-holders ignored such advances. It, therefore, remained for your government to do one of three things — to pay the total interest rate, and levy the extra taxes upon you as taxpayers, which you could not have met, or to have defaulted upon the entire amount, in which case many of our people would have suffered greatly, or to cut the rate of interest to the point where it could be met at the time. After much consideration the latter course was the plan adopted, and relieved our taxpayers by some \$3,000,000.00 per year.

But, you say, Alberta has repudiated those "sacred obligations" into which she entered. That is quite true, and have you not noticed that every nation (save Finland), that owed war debts to the U.S.A. have defaulted on their payments, even to Great Britain. Why was this? Simply because it became impossible to pay, and our laws of justice hold that none shall be compelled to do the impossible. Alberta, given the opportunity she requests, will pay her debts in full, but not in the present bank money. The government has expended considerable efforts to "refund" its debt at a lower rate of interest, and while you find such undertakings as the Canadian National Railways, who repeatedly show huge deficits, has been able to borrow huge sums at a rate of $2\frac{1}{2}$ to 3%, nothing was forthcoming for Alberta.

Once more one is forced to question, Why should this be the case?

The only answer that one can arrive at is, that the "power of finance" has so ordered, and the Dominion Government did not have the "fortitude" to do otherwise, in spite of the pre-election statements of Premier King. Unless one realizes the enormous power of the financial interests, such reasoning may be hard to accept, but when one studies the workings of finance, you can arrive at no other conclusion, than that finance is master of all governments, so long as such governments will use the instruments of finance, and will never willingly yield up that power of mastery.

Your government in Alberta will continue to fight against the powers of finance; and we have every reason to believe will succeed, because they intend to use other instruments than those owned by that enemy of mankind — the financial octopus. To those who solicit your support against the Aberhart Government I suggest you ask THREE questions, via: 1. Would you (or not) pay the contractual interest rate on our debts? 2. Would you pay to the bondholders the \$10,000,000.00 saved to the taxpayers by this cut? And if they answer that they will do so — then, 3. How would you find the money? by borrowing, or by taxation?

These are questions to which you should DEMAND AN ANSWER — from ALL who seek your support.

The Alberta Government attempted to regain the control of the credit of the province, by several pieces of legislation,

which were promptly disallowed by the Dominion Government along with several other measures which were intended to secure additional revenue from sources which are not paying anything towards the cost of provincial administration.

Several measures of protection for the homes of our people were also declared to be out of order, and one questions why such an Act as the Ultimate Purchasers' Sales Tax should not have suffered the same fate. It was a new departure in provincial taxation, and would return considerable revenue. Why was it not ultra-vires along with those others? The only answer one can find is that it was taking from the ordinary, average citizen, and not from any of those who have been protected, so naturally there was no influential body ready to wage battle on your behalf. Is it only at election time that such influential parties show any regard for the common, every-day citizen? The Alberta Government had to repeal that tax act themselves, but this is now an established fact, that the Provincial Government could tax our own people out on to the roadside and not one piece of legislation would be discovered by Ottawa, or our courts to protect you.

Provincial Debts.

The next question one might ask is: "What has the Aberhart Government accomplished during its (4) four years in office? A very good question, and one which demands an answer.

Let us examine the Public Accounts to learn something about our Provincial Debts (funded and unfunded) for the following years:

Year Ending.	Amount.	Average Yearly Increase.
Dec. 31, 1905..	NIL	
Dec. 31, 1921..	\$ 61,665,000	\$3,853,000
Mar. 31, 1931..	117,070,000	5,500,000
Mar. 31, 1935..	150,609,000	8,400,000
Mar. 31, 1936..	158,081,000	7,472,000

This was the last budget of the U.F.A., the following budgets being Social Credit administration:

Mar. 31, 1937..	\$158,731,000	\$ 650,000
Mar. 31, 1938..	157,015,000	A decrease of\$1,716,000
Jan. 1, 1939..	156,444,630	Another decrease of \$ 570,786

Since these figures were compiled, the March 31st, 1939, report shows a further reduction in the Provincial Debt which amounted to \$154,700,000 as at that date.

Records show the Treasury Bills outstanding to the Dominion Government as follows:

1934.....	\$10,519,274.00
1935.....	16,303,750.00
1936.....	25,217,750.00
1937.....	26,228,490.00
1938.....	26,547,948.00

You should notice that no material increase occurred since 1936, and all Treasury Bills are included in the funded debt of the province.

NOTE—

These figures must prove to the satisfaction of the taxpayers of Alberta that your Government has definitely halted the downward slide to bankruptcy which is always the result of excessive borrowing.

If the Aberhart Government had done nothing else than change this debt increases, into decreases, it would have justified its existence to the taxpayers.

Expenditures

But you have been told that this Government was very extravagant, how it was taking out of the taxpayers' pockets, and spending on its "hairbrained schemes" sums far in excess of those collected back in, say, the good old days of 1921. Part of that statement is correct as shown by the Public Accounts as follows:—

In 1921 the gross expenditures amounted to\$10,605,156
 In 1936/37 the gross expenditures amounted to 20,665,193

thus showing an increase of.....\$10,060,037

so you see this Government is spending twice what was spent back in 1921. But let us continue our investigation of the records, and compare expenditures for the various years as shown in the following chart, No. 2:—

Chart No. 2

Expenditures — for the years ending December 31st, 1921, and on:

March 31st, 1931, 1935, 1936, 1937, 1938

Particulars	1921	1931	1935	1936	1937	1938
Debt Charges	\$ 1,339,635	\$ 5,782,068	\$ 7,137,338	\$ 7,338,568	\$ 4,460,447	\$ 3,961,011.41
Education	2,549,850	3,043,714	2,285,350	2,452,317	2,552,433	2,548,391.28
Legislation	511,326	396,690	203,714	356,150	193,676	232,998.03
General Government	1,316,370	1,333,876	1,451,236	1,522,682	1,677,506	1,772,414.27
Miscellaneous	24,506	38,699	38,265	45,412	48,450	40,541.56
Dept. of Justice	1,264,220	1,254,773	768,069	746,681	749,133	783,886.61
Agriculture	499,743	809,878	401,554	400,183	465,769	428,623.33
Research	125,171	412,025	484,334	403,498	509,874	446,215.84
Welfare, Relief	1,368,123	3,300,631	3,831,873	4,155,676	8,941,283	9,761,884.06
Roads, Bridges, etc.	838,702	1,556,867	798,587	726,054	1,035,846	1,336,618.36
Refunds	166,810	88,302	43,501	78,758	30,776	47,158.77
Grand Totals	\$10,605,156	\$18,017,548	\$17,435,821	\$18,225,949	\$20,665,193	\$21,359,739.46
Let us deduct the items debt charges, and relief welfare, for each year and note the balance	3,307,758	9,082,719	10,969,211	11,494,244	13,401,730	13,722,895.46
left for all other Depts. of Government	\$ 7,297,398	\$ 8,934,824	\$ 6,466,610	\$ 6,731,705	\$ 7,263,463	\$ 7,637,844.00

This shows that the heavy increase in expenditures for the term of years tabulated was contained in the items shown as Debt Charges and Welfare, Relief, etc., while only slight changes are recorded for all other Departments of Government, in fact, 1937 costs were lower than 1921 — even with an increased population of 184,291. If you do not consider the Governments of 1921, and of 1931, were extravagant, how could you hold the charge of extravagance against the Governments of later years?

The Aberhart Government has declared war on both expenditures via: Interest Charges, and Relief Charges, and have reduced the interest rates by 50%, and by this, reducing taxation by some \$10,000,000 during this term.

Regarding relief, the Government feels that no material reduction in relief costs are possible at this time. This belief was further born out by the report of the special committee appointed by the legislature to inquire fully into Relief matters, and if further information is needed to confirm this statement, I have before me the Liberal literature which was distributed so freely in Saskatchewan during the provincial election of 1938, and which was intended to prove conclusively that the relief scale in Saskatchewan was at least 50% higher than the Alberta rate. And yet: we hear mention of turning out the present Government and replacing it by what? Surely not by men chosen by the very people who were responsible for the selection, and election of those representatives who must bear the responsibility for bringing this load of debt upon the Province. If they were wrong before, may they not be wrong again? Do not be fooled by idle words, you can know the facts if you so wish.

From 1909 to 1935 only nine times did the Government show a surplus, and for the other seventeen years they accumulated an income deficit amounting to \$16,181,894.98 as per the auditors' report of August 31st, 1935, and this has been reduced by the Aberhart Government to \$13,660,745.74 as shown by the same report of March 31st, 1938.

Revenue

The foregoing chart has pointed out the several routes by which the expenditures are made, and it might be of interest to learn something of the source of the revenue required to meet those expenditures.

Chart No. 3

The following CHART will supply that information:

Source of Revenue	Year, 1936	Per Capita	Year, 1936	Per Capita	Year, 1937	Per Capita	Year, 1938	Per Capita
Dominion Subsidies	\$ 1,771,475	\$ 2.31	\$ 1,771,475	\$ 2.31	\$ 1,776,071	\$ 2.30	\$ 1,776,180	\$ 2.30
Taxes: Real, Personal and Social Service	4,966,966	6.46	5,432,527	7.08	7,400,266	9.68	8,693,404	11.25
Licenses	1,868,814	2.46	1,666,965	2.20	1,426,171	1.84	2,266,028	2.98
Fees	1,938,791	2.52	2,004,145	2.61	2,389,856	3.08	2,466,830	3.22
Fines and Penalties	46,605	.06	48,743	.06	69,604	.08	61,474	.08
Profits from Trading	1,527,133	1.99	1,848,868	2.41	2,404,275	3.11	2,595,820	3.36
Miscellaneous	86,749	.12	107,519	.14	50,559	.06	50,625	.07
Refunds on Expenditures	1,986,379	2.59	2,171,607	2.83	3,895,673	5.04	5,059,521	6.55
Revenue Producing Assets	1,564,864	1.96	1,508,400	1.97	1,380,566	1.80	1,129,408	1.46
Total Revenue	\$15,697,770	\$20.47	\$16,575,151	\$21.61	\$20,743,045	\$26.84	\$24,127,805	\$31.22
Total Expenditures for same Years	\$17,435,821	22.73	\$18,225,950	\$23.76	20,665,192	26.74	\$21,369,789	\$27.64
Deficit for Year	1,738,050	2.26	1,650,798	2.15				
Surplus for Year					\$ 77,852	\$.10	\$ 2,768,066	\$ 3.58
Increase Over Previous Year								
Increased Revenue			\$ 877,881	\$ 1.14	\$ 4,167,894	\$ 5.39	\$ 3,884,760	\$ 4.38
Increased Expenditures			790,129	1.04	\$ 2,439,242	\$ 3.16	\$ 680,547	\$.90
Total Revenue Increase of 1938 over 1935	\$ 8,430,085	\$10.75						
Total Expenditure Increase Over 1935	\$ 3,924,918	\$ 5.08						

When one studies CHART No. 3, they are struck by the enormous increase of revenue in 1938 over that received in 1935, amounting to \$8,430,035.00, or a per capita increase of \$10.92. This is what Mr. E. L. Gray was referring to when the press quoted him as stating that "taxation had increased almost \$11.00 per capita since 1935," and inferring, of course, the Aberhart Government was responsible for this increase.

It should be noted, however, that the present Government did not have anything to do with any "budgeting for revenue or expenditure," until after the year ending March 31st, 1936, and for all revenue and expenditures, after that date, they assume their full responsibility. Mr. Gray was not playing fair with this Government, or with the taxpayers, if he intended to convey the impression "that the Aberhart Government during its term in office had cost the taxpayers of Alberta a per capita increase of \$11.00."

In order that the taxpayers may know where that \$8,430,000.00 came from, we again draw your attention to CHART No. 2 in which there are (5) five items only, showing any material increases, within which should be found this total increase. In order to study these, CHART No. 4 is set out.

Chart No. 4.				1938
Revenue from TAXES:				Increase Over 1935
	1935	1936	1938	1935
Real, Personal and Social Service	\$1,118,186	\$1,056,680	\$1,281,598	\$ 163,412
Amusement Tax	121,242	131,916	141,498	20,286
Corporation Tax	691,572	699,807	1,000,505	308,933
Fur Tax	75,341	62,934	52,219	
Gas, and Fuel Oil	1,945,260	2,220,906	2,610,211	664,951
Income Tax	377,971	621,251	1,190,471	812,500
Railway Mileage Tax	306,533	342,800	429,615	123,082
Sales Tax	Nil	Nil	601,408	601,408
Succession Duties	292,701	270,900	1,326,345	1,033,644
Pari-Mutuel Tax	28,145	25,828	23,130	
TOTAL TAXATION	\$4,956,956	\$5,432,527	\$8,694,404	\$3,727,186
Increased Revenue from Taxation				\$ 3,727,186
Increased Revenue from Licenses				381,209
Increased Revenue, Fees, Royalties				562,029
Increased Revenue, Liquor Control				1,068,687
Increased Refunds on Expenditures				3,073,142
				\$ 8,812,253
Revenue Producing Assets Show a Loss				376,456
				\$ 8,435,797

The only increase levied upon the individual taxpayers of Alberta by this Government was the (1) one mill for Social Service, and the Sales Tax, amounting in all to \$764,820.00 per year. The increase upon the items: Corporations, Incomes, and Railways, was levied because these had not paid their fair share in the past. All other increases were due to increased volume, not increased taxes.

Let us turn once more to expenditures, and we learn that the Government of 1935 spent \$1,738,051.00 more than they collected, or \$2.15 per capita more than was shown, proving that the cost in 1935 was \$23.76 per capita. In 1938 there was a surplus of \$2,768,000.00, or \$3.58, and when deducted from the revenue shows the cost of Government as \$27.64, which means an increase of only \$3.88 instead of the \$11.00 which Mr. Gray would have you believe.

The increased cost to Alberta for Welfare, Relief, etc., amounted to \$3,073,000.00, which is approximately \$3.98 per capita.

It should also be noted that with the amounts of expenditures for interest, and welfare, and relief deducted from the total expenses for the several years, you will find that the per capita cost of all other departments of government was as follows: 1921, \$12.40; 1931, \$12.22; 1935, \$8.43; 1936, \$9.40; 1937, \$9.88. Where do you demand that your government shall make further reductions of expenditures?

Roads

No story of Alberta could be complete without some mention being made in regard to roads, as we have over 90,000 miles of road allowance in the Province, or 120 miles per 1,000 of population, and will necessarily cost considerable on a per capita basis. Already this province has spent on roads, highways, and bridges over \$80,000,000.00, and of this amount the following was spent from January, 1920, to March 31, 1938, and tabulated as follows: For construction, \$30,692,000.00, and for maintenance, \$14,947,000, while the taxpayers during the same period had to provide \$21,392,470.00 for interest upon the money spent upon the roads during that period. This figures out at approximately \$1.00 of interest for every \$2.00 spent upon the roads, and that interest will continue to have to be paid for many years to come, because the debts must continue long, if we remain under the present financial system.

In 1936 your Government put into practice the policy of using modern machinery, and paying for ALL roads out of current revenue, thus creating no further debts, or interest charges against any road built under this new policy. Let us compare the records of those three years from 1936-37-38 with the records of any previous three-year record, or of any single year, or the average for the whole (17) years since 1920.

Let us commence with the year 1930, which was a depression year (and we are still in that depression):

In the period 1930-31-32 we spent for con-

struction	\$10,210,196.00
And for maintenance	4,364,175.00
While at the same time we had to pay interest	
charges	4,636,484.00
Thus making a grand total of costs amounting	
to	\$19,210,855.00
Or an annual charge against the roads of Al-	
berta of	\$ 6,402,718.00

In 1933, we spent only the trifling sum of \$ 245,712.00 for construction, while for maintenance that year 780,534.00 was spent, thus making a total cost for work done

done	\$1,026,246.00
but to this must be added for interest charges	1,878,678.00
making a grand total for roads in this year of \$2,904,919.00	
of which we received 35% on our roads, and gave 65% to those who do our "bookkeeping" for us. It is truly a wonderful system, "for whom"?	

For the three-year period, 1933-34-35	\$ 3,294,084.00
was spent for construction, and for maintenance some	2,524,369.00
and for interest charges	5,682,244.00
making a grand total of	\$11,500,647.00

and of this amount you benefited by 52%, the other 48% going to your "bookkeeper" for WHAT? Up to this time you had spent for the (17) seventeen previous years \$67,000,000.00, and what had we to show for it?

Answer:—We had 79 miles of low graded, narrow, winding asphalt road, all of which will eventually be rebuilt or discarded from the highway system, plus a few hundred miles of gravelled road, many of which has already been discarded

from the highway program. What progress was made on your local roads, that would cause you to support the old out-worn road program?

But we hear it said that the roads which the present Government are building are very expensive, and cost far more than those built by any of the former Governments. Once more let us listen to the records of the provincial auditor, as set out in the Public Accounts, and not to idle gossip put into circulation by some who no longer profit at your expense.

For the years 1936-37-38 there was spent for roads, bridges and ferries, for construction\$4,758,192.00
and during the same period, for maintenance.. 3,098,516.00
making the total spent and paid for from

current revenue of\$7,856,708.00
which was ALL that was spent upon ALL the roads with which the Provincial Government had to do.

When brought to a yearly average, we find it cost \$2,618,903.00 per year to construct and maintain our roads, as against the average for the six years previous of \$5,100,000.00, and for the average for the years 1920 to 1935 of almost \$1,000,000.00 per year.

What did we get for the money spent during the last (3) three-year period? We built, or re-built and hard-surfaced 300 miles of highways; gravelled 500 miles; opened 1,000 miles of new road allowance, and maintained 4,000 miles, and removed snow from 2,500 miles.

You should remember, that all this work was paid for out of the revenue collected during the same (3) three-year period, and will not result in further cost to you, while during the same period the provincial treasury had to provide \$4,245,662.00 for interest on the debt created by the wasteful methods employed by former administrations, and this was equal to 89% of that spent on construction from 1935 to 1938.

What could the Minister of Public Works have accomplished had he been able to use that 4 1/4 millions for road improvements? When will YOUR road be built, if we continue under the present financial system? — a system which if continued will eventually require every dollar which we can provide, and leave NOTHING for your services. Surely every clear thinking person must realize that we must eliminate interest charges. If we do not destroy interest, interest

will destroy us — is a truth which every one of us must learn. May we learn before it's too late.

Your Government realize the need for more and better roads in Alberta, and will do everything in their power to provide these as soon as it is possible to do so, but they will not borrow and create debt for that, or any purpose. No Government here, or elsewhere can meet the demands for roads unless they can use "debt free money." Has any critic of "Aberhart" any better method for road improvement, or is any Government now constructing roads of equal value at less cost to their people?

"Good Business Administration—of the Liberal Government"

Telephones

The Alberta Telephone system set up by the Provincial Government about the year 1909 has proven a failure in so far as the rural lines are concerned. Those lines were extended far beyond the limits where they could possibly pay construction and maintenance costs. The lines were not economically built, and no provision was made for replacements when required. Rural subscribers became fewer and fewer as rates were raised in order to try to meet the ever mounting costs of operation and overhead.

The cost to the Provincial Government was \$25,420,000.00, and the reports show that a loss of \$12,429,000.00 was taken on this after the Province had paid on Bonds and Interest some \$24,000,000.00, so is it any wonder that the rural lines were classed as JUNK and sold to local mutual companies at a mere fraction of their cost?

Referring to Alberta's Telephone and Railway policies of the years 1905 to 1922, the Bank of Canada report said (quote): "Poor Judgment; Loose Administration, and Over Expansion, were to make both ventures costly." That was only too true, as interest charges for the year ending March 31, 1938, shows that we paid \$720,000.00 on this end of this unprofitable governmental investment.

Railways

Back in those early days when Governments seemed to think nothing of putting the resources of the people up as security for almost any "hair-brained" scheme, the Alberta Government guaranteed the Bonds of the Canadian Northern,

the Grand Trunk Pacific and other lines, to the extent of \$26,426,750.00, and the 1937 report shows that \$22,000,000.00 of this is still unpaid, and although these lines are now part of the C.N.R. system, the Dominion Government has never yet admitted their responsibility for these guarantees.

Alberta's Government also guaranteed \$17,000,000.00 of Bonds for three lines in the north (970 miles) and which failed to meet expenses, so that the Province had to take them over and operate the same for a few years — at a loss of course — until they finally sold them to the C.P.R. and C.N.R. for \$15,000,000.00. This sale was considered a fairly good deal, but the loss to the Province as shown on March 31, 1937, was \$28,093,832.92, and that with the accruing interest will be a much greater sum before it is cleared away.

Health

The Social Credit Government believes in the principle of State Medicine, and will institute the same, when it is financially possible, but under the present system this would cost \$11,000,000 annually, or \$18.75 per capita, which is prohibitive under present conditions.

However, this Government has made great strides in matters of public health, and now assume the charge of T.B. cases, infantile paralysis, and have greatly increased the district nursing services, as well as many other health services.

One great problem of the Department is the care of the "mentally-deficient" patients, as this class of sickness is increasing by some 150 cases yearly, and requires \$250,000 annually to provide necessary services, and much of the cause of this affliction is traceable to our present financial difficulties. If we remove the cause, we will at the same time make possible the means to treat the disease, and if for no other reason than that these patients are dependent upon those of us more fortunate, we must provide the prevention as well as the cure. The use of "debt free" money is the remedy, and must be made available for this, and other purposes as well.

Education

One must not overlook education when study is being given to problems of any community, or province, and Alberta has had many difficulties to overcome in the field of education. In many cases due to conditions prevalent, the cost of services was naturally high, and in some cases prohibitive. No

hard and fast rule could be laid down when districts were formed, thus some had greater revenue than others. In some cases as well inefficient management was responsible for large debts being contracted, which debts reflected in a lower standard of education being provided in the effected districts,—a loss borne by the pupils of that district for many years to come, and which must not be continued year after year.

The U.F.A. Government found the need of a change in the system to be imperative, and they placed the necessary legislation upon the statutes of Alberta, but did not put the scheme into operation. That remained for this Government to do, and it was done in an experimental way by forming eleven units, and operating these for a year in which time every unit was able to provide the facilities at a lower cost, than had the individual school districts in previous years, after which the entire Province was organized.

The benefits of education are so far reaching, and so necessary for all, that the facilities to provide the same must not be limited to the resources of a small part of the community, but must at all times be equal to the load which must be carried. The taxpayer must bear in mind that the larger unit does not in any way relieve them from their responsibility of seeing that their elected board carry out their duties in a manner which will combine efficiency with economy because the success, or failure depends upon the actions of your board and yourselves and the financial responsibility rests wholly upon the taxpayers, and no good reasons are forthcoming as to why the costs should be greater for the services provided, but those costs will be spread equally over the entire community.

In Conclusion

The purpose of the foregoing pages was to allow you the opportunity to see, if possible, if you might find some place where increased revenue or lower expenditures might be effected, in order to provide as good or better services for our citizens.

Please notice that in the expenditures two items, Relief and Public Welfare amounts to over 45% of all the total payments, and Public Welfare consists of the following: Old Age Pensions, Mothers' Allowance, Mentally Diseased, Child Welfare, Central Alberta Sanitorium, Hospital Grants and such. Which of these services must be cut down, or cut out all

together? Ask those who demand the Province cut down on our expenditures, what they would do with such services?— and demand an intelligent answer.

Welfare also includes Unemployment Relief. What should be done about this item? It is sometimes claimed that far too much aid is given to those on relief and that they should be compelled to work for wages instead. The answer to the first statement is that a "committee of three" made a very careful study of the whole relief question, and failed to find where any material saving by reduction might be effected. Then as to that cry of "Work for Wages" that is too foolish to even consider, when we learn of machines which have displaced as many as 300 men or women and can produce goods at a lower cost—so how can you persuade any employer at this time to discard "machines" for man power? Or, how can you as a taxpayer afford to dispense with the modern road building machinery, in order that "men shall sweat for the bread they eat." If that policy would work, why not go all the way, and compel them to work without any machines of any description, and thus create prosperity? No, Work and Wages will NOT solve our troubles. Unemployment is here to stay, and we — the taxpayers — will do well to realize that such is true, and adapt ourselves to such a condition, and MASTER it, before it masters us. There is a remedy for unemployment, but it does not lie in the creation of "Work For Work's Sake."

Debt charges after being cut 50% by the Aberhart Government, still amounts to over 18% of the total expenditures. Some claim this cut should never have been made; but that the Government might have taxed you people a bit more and paid in full. Some even refused to cash their interest coupons, claiming that "when the Liberals get back into power the interest will be paid in full." Do not be fooled by any such nonsense — by any such impossibilities. If it took half of the revenue received in 1935 to pay the yearly interest, what would it require to pay those "compounded" as well as "confounded" charges by the time that the Liberals can persuade the electors to return them, on their past "good business" records? If it could be done — you as a Bondholder—might receive a few cents, while you as a Taxpayer will have to hand over dollars instead. If no one can find any item which can be materially reduced in the expenditures,

how about finding extra revenue to meet more services? When Government opposition makes that statement, be sure you learn who provides it. The Province cannot afford to borrow another dollar. When the Province has paid something over \$110,000,000.00 on interest charges already, what will they have had to pay on those Bonds which do not mature until the year 1980? Those figures must show any man or woman of your business ability, the folly of attempting to even try to carry on under the policy adopted by the Governments of Alberta prior to the 1935 election.

We in Alberta are living in a mighty storehouse of wealth, but we are hand-bound by the present financial system. We can produce new wealth to the extent of many hundreds of millions of dollars worth of goods — but we can NOT create one dollar of money, without which our new wealth becomes a liability, instead of an asset. Only Banks and the Dominion Government can create money in Canada. You must not attempt to do so, or you will land in jail. But why have these creators not seen fit to make possible the necessary money for the purchase and consumption of the yearly wheat crop? Except for a pegged price — which was below the cost of production, and which meant added debt to the people of Canada, — nothing was done. It appears they desired to keep goods cheap, and money dear, in order to maintain control over the masses. If we are to create new wealth (goods) we must needs see to it that new purchasing power is made available to consume those goods, otherwise we have a surplus of goods, and that always means production at less than production costs.

The Aberhart Government was elected to make available that extra purchasing power, and have waged a valiant effort to supply the same, but they have met with endless opposition, aided in many cases by the very ones which the Government is attempting to assist. The Government is still determined that a way can and will be found that permits us the use of our own credit.

If you believe this Government has given as good administration as was possible under the circumstances, or better than any former Government gave in Alberta, and if you wish to rid yourself of that growing burden of interest payments—you must give your very best support to a policy that has

shown how these things can be done. It is not enough to merely say, "We would like to see it done,"—we must say "IT SHALL BE DONE!"

We must not close without making mention of that much despised DIVIDEND (despised by those who claim that they would never take "something for nothing" — and who, even now may be drawing dividends from less honorable sources), for it is as important a factor in the introduction of Social Credit principles as it was in 1935. Millions of men and women the world over have become unemployed through the use of power machines — never again to be employed — save in war time. Of course you agree, that those machines should be made to supply those unemployed with a living. Social Credit claims that must be done, and that living must be given to them FREE — or as we say by a DIVIDEND. Today you are providing that living by RELIEF, received by taxation from our citizens in order to use Bank Money. Under Social Credit it would be given by the DIVIDEND with DEBT FREE MONEY AND CREDIT ISSUED BY THE GOVERNMENT.

As you study these figures you must have realized that for many years (and unless the system is changed) you will continue for many long, long years to "GIVE SOMETHING FOR NOTHING," by way of those heavy interest rates. Why not demand that — for a change — YOU be placed on the receiving end for a while?

Oh, yes, our critics may tell you that the whole Social Credit system is impossible, but what have they to offer as a remedy for Alberta's troubles? They may even promise you "something better" than Social Credit — but you should insist that they inform you from whence will come those benefits, at what costs, and to whom. Remember many assets in the past have become very overpowering liabilities.

Alberta is not the only place in the world which is in difficulties. Everywhere throughout the world the "iron grip of Finance" is closing upon the people, and will never loosen until the people force it to do so. In some countries we see the upheavals, of the masses, and we can only trust that such turmoil may never materialize in this country.

BUT A CHANGE IS COMING, AND WE CANNOT PREVENT IT. We may by our indifference hinder it for a time, but prevent it — NEVER. The Technocrats expect this

financial system to collapse by the year 1940. It may come then — Who knows? — for we are living in fast moving times, but one thing we do know is that it WILL CRASH unless something drastic is done soon to prevent finance "dragging" democracy down to chaos, and thus pave the way for "dictatorship," which no thinking person desires for themselves or their children.

Permit me now the privilege of a few personal remarks with those who I have had the honor, and responsibility, to serve as your M.L.A. for the past (4) four years, during which years I have given my entire time to that duty, a duty to ALL citizens regardless of party affiliations, and I trust that I may have proven to be of some service to you during that time. If such be the case, I am content, and assure you that so long as it is my duty and responsibility to work for the citizens of this Province, I will be pleased to assist you to the best of my ability.

During those years we have made mistakes, as will everyone who attempts to map out a new trail, but those mistakes have NOT been costly mistakes as were those of former administrations in this Province. On the other hand we have achieved savings, far beyond what all our mistakes amount to, not only by savings in administration, but by such as the Gas and Oil Conservation which has saved untold millions of dollars in revenue for the Province.

Our term of office is drawing to a close, and you will soon be called upon to exercise your franchise. What will you do?

You gave the former Governments—MANY TERMS—in office, to enable them to bring this Province to its present state of hardship, and debt burdens, by their "outworn and wasteful policies."

Judged on its record for the past term, why not give this Government a further opportunity to carry out its proven policy of progress and debt reduction. By your ballots you will decide, and the responsibility for that decision will be yours.

The expressed desire of an enlightened, intelligent electorate will be agreeable to me, and I trust most beneficial to the taxpayers of this province.

Thank you very much.